



PARAGON

REVOLUTIONIZING ALL  
THINGS CANNABIS WITH  
BLOCKCHAIN

# WHITEPAPER

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## ABSTRACT

*"We've entered the most profound era of change for financial services companies since the 1970s brought us index mutual funds, discount brokers and ATMs."*

Business Insider 7 July 2016

The cannabis industry has traditionally been fragmented, untrustworthy, and illicit, but it is now moving towards greater legitimacy. New research shows powerful health benefits of cannabis and strong social movements are pushing for increased legalization. One way to improve the reputation of the industry is to modernize it, make it standardized, fully verifiable, and built on a system of trust between patients, doctors, growers, and suppliers. New blockchain technology / Distributed Ledger Technology(DLT) offers an ideal solution. Since blockchain holds an immutable ledger and assured contracts, it can easily accommodate the recording and storing of all product life cycle events, verify patient identification, assure payments, and more. Paragon seeks to create a crypto-token built on smart contracts on blockchain specifically for the worldwide cannabis community. Paragon is the first organization dedicated to leveraging smart contracts built on the blockchain to create and foster a community dedicated to the worldwide legalization and systematization of cannabis.

# 1. BACKGROUND

The 21st century brings dramatic changes in health, finance, business, and technology. It offers many opportunities to take advantage of changing trends and build on innovation. In the health field alone, we are witnessing great strides to cure diseases, manage symptoms, and reduce or eliminate chronic pain. However, one of the most remarkable methods remains illegal in multiple states and at the federal level in the United States. Our goal is to change the legal status of cannabis, ensure the benefits are available globally, and create a framework that brings regulation and verification to the cannabis industry.

Governments around the world, most particularly the United States government, have restricted and penalized cannabis users and businesses. Yet, we are seeing developments that push the US federal government to establish, regulate, and encourage an open and fair market for the use and sale of cannabis. Currently, the \$150 billion cannabis industry struggles with a patchwork of laws and regulations. Because there has been no standardization of federal regulations to allow for the legal trade of cannabis, it has been forced underground, increasing the suffering of many ill people, preventing efficient and accurate business practices, adding to the crime rate, and losing state governments a great deal of potential tax revenue.

Before cannabis can fulfill its health benefit potential, there are a series of problems that need to be overcome:

- **Dated prohibition laws that label cannabis with an erroneous classification**
- **Payment laws that make it nearly impossible to use traditional banking or credit solutions**
- **Uneducated politicians guided by obsolete and incorrect information**
- **Social stigma and public opinion against cannabis**
- **A patchwork of laws that differ from county to county, state to state, and country to country**
- **No established standards for purity, lab testing, ID verification, organic or eco friendly certifications, prescriptions, THC/CBD potency, start-to-finish tracking, and so on.**
- **Poor and inefficient distribution system**
- **Few places that allow cannabis businesses to rent office space (so-called "Green Zones")**

New blockchain technology presents a solution to most of these problems. Smart contracts built on a blockchain erase borders and unite dedicated people throughout the world. These committed advocates can use social platforms to change laws, stop prosecutions, and ultimately legalize cannabis. Moreover, they can also build applications that make the industry safe, responsible, and organized via standardization and tokenization. This passionate focus on one emerging industry can help pool strong talent in this area so as to achieve maximum results.

The cannabis industry is in the early stages of transitioning from an illicit to a legal economy. Of the \$53 billion spent on cannabis in 2016 in the United States alone, only \$7 billion was spent through legal channels. Clearly, legalizing the system will open a floodgate for new businesses.

Now is the ideal time to take advantage of the growth potential of cannabis. Three converging forces make legalization much more likely:

1. **Increased public opinion favors legalization.** Look at some past headlines:

a. **BRITONS WANT CANNABIS TO BE LEGALISED – CHANGE IS INEVITABLE, SAYS EX-MINISTER**

- *The Guardian*<sup>1</sup>

b. **CANNABIS LEGALISATION: 47% SUPPORT SALE OF DRUG THROUGH LICENSED SHOPS, POLL REVEALS**

- *Independent*<sup>2</sup>

c. **SUPPORT FOR MARIJUANA LEGALIZATION CONTINUES TO RISE**

- *Pew Research*<sup>3</sup>

It goes on to say 57% of U.S. adults favor marijuana legalization, while only 37% want it to remain illegal.

2. **Numerous medical research**<sup>4</sup> studies support the effectiveness of cannabis in alleviating multiple autoimmune illness symptoms, neurological conditions, and other needed benefits.

a. *"...marijuana has been shown to reduce nausea and vomiting and to increase appetite in patients debilitated by AIDS and cancer or in patients who suffer effects of potent cytotoxic or antiretroviral treatments."*

JAIDS Journal of Acquired Immune Deficiency Syndromes<sup>5</sup>

b. *"Use of marijuana for chronic pain, neuropathic pain, and spasticity due to multiple sclerosis is supported by high-quality evidence."*

Journal of the American Medical Association<sup>6</sup>

c. *"A more detailed NIDA-funded analysis showed that legally protected medical marijuana dispensaries, not just medical marijuana laws, were also associated with a decrease in the following: opioid prescribing, self-reports of opioid misuse, [and] treatment admissions for opioid addiction."*

National Institute on Drug Abuse<sup>7</sup>

**3. Cannabis has a unique and passionate following.** Those with ill health who are learning about the benefits of cannabis are demanding change. Millions of others desire easy, legal access to cannabis in all its various forms. When given a forum to unite them, they will brainstorm effective ways to realize change. They will network to influence those in power and publish information to change the minds of dissenting voters. By building on this network and community, legalization of cannabis can happen much more quickly, placing Paragon in the preeminent position of a global cannabis cryptocurrency.

Paragon plans to create a structure and technology that will solve the issues that surround the legal cannabis industry. The technology is ready to be used and sets up Paragon to take advantage of the ever increasing scope of cannabis legalization.

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1 **Doward, Jamie** "Britons want cannabis to be legalised – change is inevitable, says ex-minister"

The Guardian 7 May 2016

<http://www.theguardian.com/society/2016/may/07/cannabis-law-reform-norman-lamb>

2 **Grice, Andrew** "Cannabis legalisation: 47% support sale of drug through licensed shops, poll reveals"

Independent 9 April 2016

<http://www.independent.co.uk/news/uk/home-news/legalising-cannabis-47-support-sale-of-drug-through-licensed-shops-poll-reveals-a6976796.html>

3 **Geiger, Abigail** "Support for marijuana legalization continues to rise"

Pew Research 12 Oct 2016

<http://www.pewresearch.org/fact-tank/2016/10/12/support-for-marijuana-legalization-continues-to-rise/>

4 **Mercola, Joseph** "Marijuana Research Supports its Safety and Benefits" 16 May 2015

<http://articles.mercola.com/sites/articles/archive/2015/05/16/research-supports-marijuana-benefits.aspx>

5 **Prentiss, Diane** MA, MPH; Power, Rachel PhD; Balmas, Gladys MD, MPH; Tzuan, Gloria MPH; Israelski, Dennis M. MD "Patterns of Marijuana Use Among Patients With HIV/AIDS Followed in a Public Health Care Setting" JAIDS Journal of Acquired Immune Deficiency Syndromes: 1 January 2004 - Volume 35 - Issue 1 - pp 38-45

6 **Kevin P. Hill**, MD, MHS, "Medical Marijuana for Treatment of Chronic Pain and Other Medical and Psychiatric Problems: A Clinical Review" Journal of the American Medical Association June 23/30, 2015.JAMA. 2015;313(24):2474-2483. doi:10.1001/jama.2015.6199

7 **"Marijuana as Medicine"** National Institute on Drug Abuse, April 2017

<https://www.drugabuse.gov/publications/drugfacts/marijuana-medicine>

## 2. MISSION STATEMENT

Paragon seeks to pull the cannabis community from marginalized to mainstream by building blockchain into every step of the cannabis industry and by working toward full legalization. Our strength lies in the unique blockchain/cannabis connection that uses smart contracts. We believe in blockchain, and we believe in the benefits of cannabis. More uses of cannabis are coming to light, and we want to accelerate that process. We believe cannabis is good for individuals and good for countries. We are passionate about moving forward in an ethical, morally responsible, and legal way.

Why did we choose the name of Paragon? Because Paragon means “exceptional” and that is what we aspire to be:

1. **We support vital causes:** Improved health, reduced criminalization of good people, and the freedom to make our own choices.
2. **We support the blockchain community.** We will try to use as much PRG tokens and as little fiat currencies as possible while implementing our ideas.
3. **We are standardizing and unifying a fragmented industry.** We will build blockchain smart contract solutions for many of the industry’s weaknesses. The industry needs help with lab testing, supply chain, ID verification, compliance, etc. All these respond well to smart contracts.
4. **We seek to create a physical ecosystem for cannabis and the new cryptocurrency.** Our office workspace opens up a critical place for cannabis companies to work and thrive.
5. **We are transparent.** Funds will be escrowed and our books will be audited by reputable companies, such as Deloitte, Grant Thornton, or other well-recognized, international accounting firms experienced with the nascent blockchain industry.
6. **The platform is open-source.** It can be used by anyone to build their own cannabis smart contract or blockchain application, create their own token crowdsale, promote their specific cause, etc.
7. **We are responsible.** We limit our own benefits, putting the cause first. This is our passion. We are committed to the legalization efforts and the community.
8. **We give our members a voice.** Pitch your ideas, help others, get funded, support other ideas, and decide our future through a voting system.
9. **We are groundbreaking.** We will take advantage of the media’s interest in the hot topics of cannabis and cryptocurrencies. We benefit from being a community led by a female entrepreneur and we are the only strong global movement for cannabis utilizing the emerging smart contract/blockchain technology.

Paragon’s passion, committed community, strong technology, and experienced leadership make this cryptocurrency the natural choice for the cannabis industry.

### 3. PARAGON BUSINESS MODEL

We started Paragon to resolve many issues currently faced by the cannabis industry. Blockchain-built smart contract technology is ideally suited to organize, systematize, and bring verification and stability to a traditionally unchecked industry. Even before full legalization there are many opportunities for blockchain and crypto-tokens to enhance the cannabis community and business model.

Paragon will use blockchain smart contracts to:

- **Create an immutable ledger for all industry related data via ParagonChain**
- **Offer payment for industry related services and supplies through ParagonCoin**
- **Establish niche co-working spaces via ParagonSpace**
- **Organize and unite global legalization efforts through ParagonOnline**
- **Bring standardization of licensing, lab testing, transactions, supply chain and ID verification through apps built in ParagonAccelerator**

The Paragon model starts with a crypto-token and blockchain technology. It then sets up a network of physical cooperative workspaces where members can work, meet, socialize, and create. This will resolve issues with leases for cannabis-based startups and dispensaries that struggle with finding affordable and suitable locations to house their business.

Paragon's organization also includes online platforms to unite people around the world who are committed to cannabis legalization. Harnessing and focusing this dedicated community will quickly strengthen the legalization movement and is expected to positively influence the demand for and respectively value of Paragon's cryptocurrency, PRG.

Finally, Paragon will actively support and fund blockchain innovation in the cannabis field, such that it increases the use and importance of PRG.

Paragon's business model is both unified and complementary. Each part combines to improve the whole. We will go into depth with each aspect and discuss what it does, how it works, and what makes it unique.

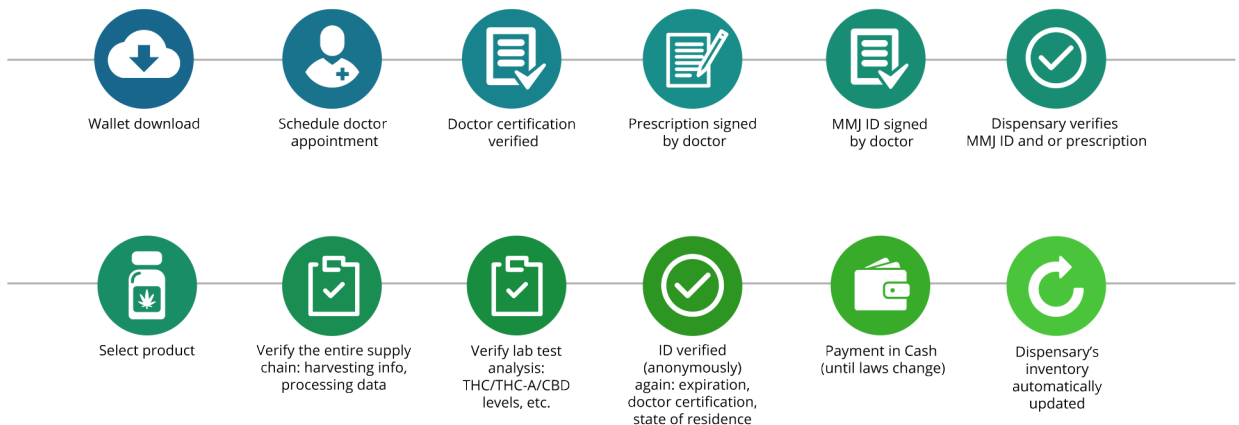


## 3.1 PARAGON SMART CONTRACTS

### Using Blockchain Smart Contracts to Innovate the Cannabis Industry.

Paragon takes advantage of the digital and verifiable nature of blockchain to solve the fragmentation of the cannabis market and the marginalization of businesses and consumers. Blockchain smart contracts are ideal for recording and facilitating the exchange of value, goods, services, and private data. Putting cannabis data and transactions on blockchain smart contracts will also increase the speed of service and save companies hundreds of thousands in reduced paperwork.

#### SAFETY, RESPONSIBILITY AND TRANSPARENCY IN THE CANNABIS INDUSTRY



*Blockchain connects all facets of the cannabis industry from start to finish*

The PRG smart contracts can immediately serve a number of businesses within the cannabis industry. With legal changes, increased community regulations and acceptance, other business opportunities may emerge. Blockchain smart contracts can instantly and accurately register and record these events:

Blockchain based smart contracts provide accountability in a way no other technology can offer.

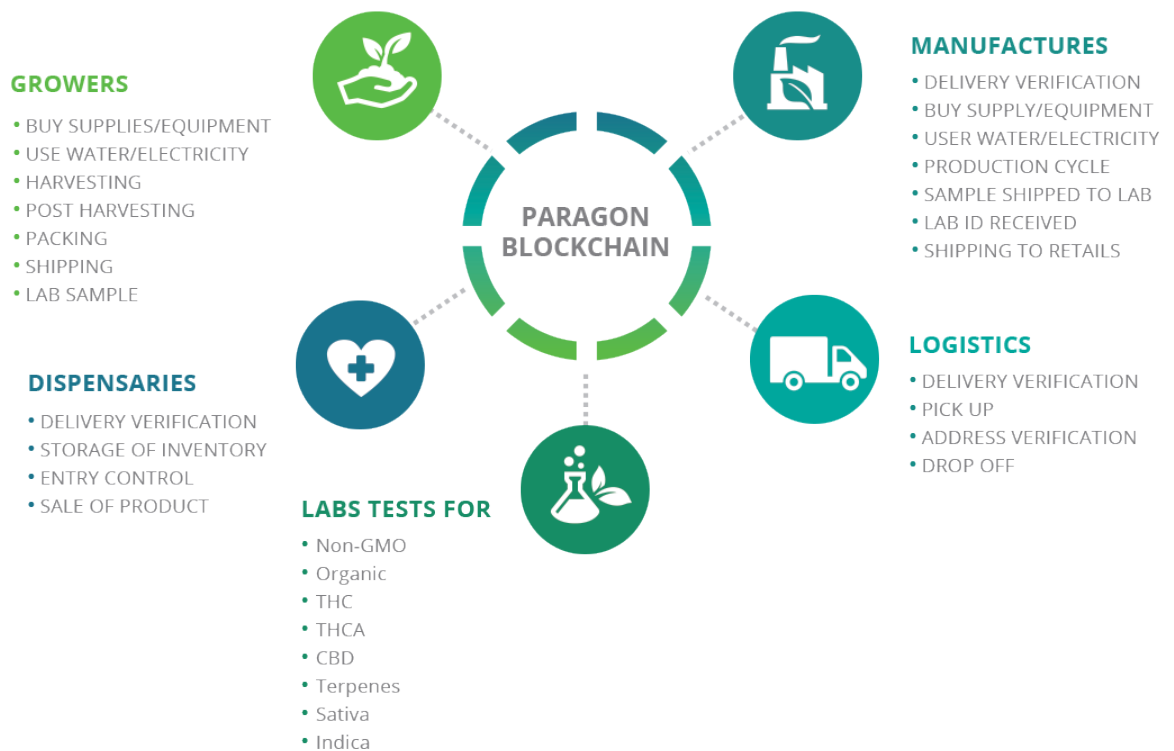
- Provides an immutable ledger that offers permanent verification of every past transaction, so it builds trust
- Stores all product lifecycle events forever in an easy-to-retrieve system
- Lets multiple apps simultaneously interact with any piece of information stored in blockchain
- Offers anonymous patient identification
- Facilitates peer-to-peer transactions across the globe

The combination of decentralized encryption, anonymity, immutability, and global scale turns Paragon into the ultimate online community for the legalization of cannabis across borders.

Paragon is built with smart contracts on the Ethereum blockchain. It is an advanced, open and completely decentralized application platform. Ethereum uses all the strengths of Bitcoin's original technology. Blockchain was first established as a digital currency for use in financial systems, but the second generation blockchain and its associated smart contract technology can be used for so much more.

Ethereum builds on Bitcoin to offer contracts and other kinds of verified transactions. Paragon adds another layer to Ethereum, letting it focus on solving problems unique to cannabis growers, dispensaries, labs, doctors, and customers. Paragon builds on the strength of a well-established system to offer applications, perform financial services, create a new cryptocurrency, and form a messaging system.

As such, Paragon provides not only the groundbreaking Ethereum based crypto-currency called ParagonCoin (PRG) but also a powerful, modular toolset to build applications that can track shipments, verify potency, identify medical patients and their prescriptions, and a host of applications not yet imagined. Ethereum gives users complete freedom to create their own applications on the Paragon platform.

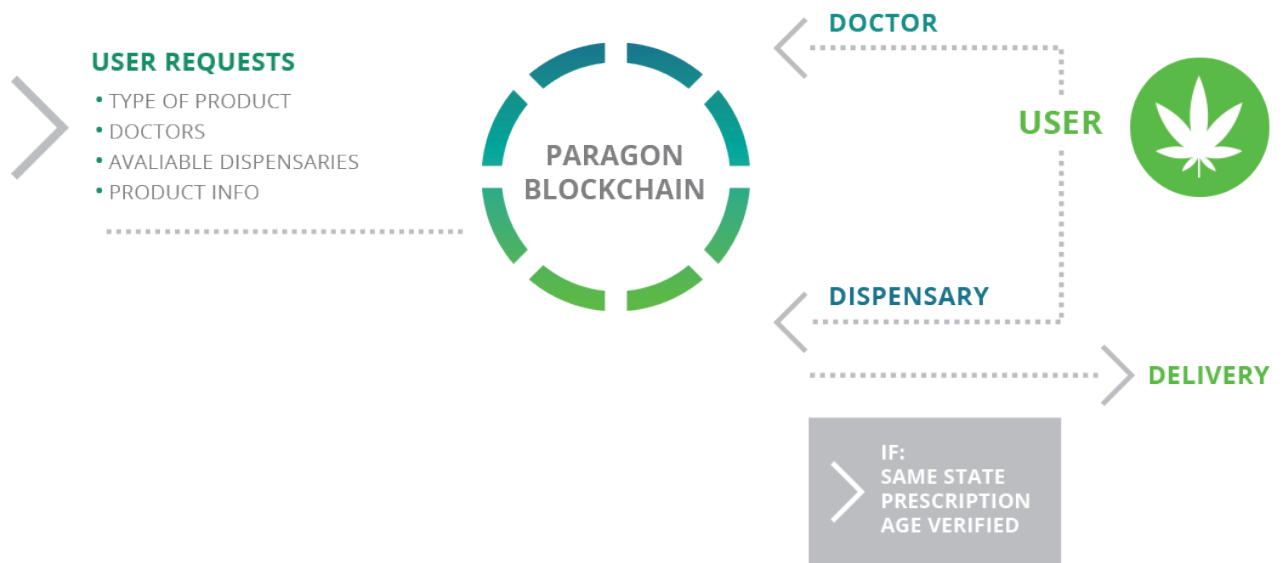


Some examples of smart contract/blockchain uses within the cannabis industry include:

- **Blockchain verification of medical marijuana IDs and prescriptions:** This could be an interface for doctors to sign, vendors and government to verify, with doctors paid in PRG. There could be a small fee for each verification.
- **Supply chain transparency:** Track and trace activity logs, transfers, permissions, safety concerns (i.e., who handles, expiration of perishable items), and more.
- **Lets multiple apps simultaneously interact with any piece of information stored in blockchain.**
- **Share document via smart contracts:** Contracts accompany purchase orders. As conditions change, rules change, or the availability changes, so the contract can be automatically adjusted.
- **Facilitates peer-to-peer transactions across the globe.**
- **Secure transfer of assets:** Record the quantity of assets such as pallets, trailers, containers, as they move between supply chain nodes.
- **Track purchase orders:** Change orders, receipts, shipment notifications, or other trade-related documents as needed.
- **Assign or verify certifications or certain properties of physical products:** For example, determining if a food product is organic or fair trade, lab-tested pure CBD or pure THC, amounts of the active ingredient, etc.
- **Link physical goods to serial numbers, barcodes, digital tags like RFID, etc.**

## 3.2 PARAGON COIN

ParagonCoin (PRG) can create a global ecosystem where businesses and consumers can quickly and easily verifiably transfer funds – business to business, business to consumer, and/or consumer to consumer. A cryptocurrency correctly implemented is the logical solution to an ongoing issue with an unregulated marketplace. It readily solves the most major impediment to cannabis innovation and growth: the banking and payments issues.



### PRG Distribution and Supply

PRG will be the digital token that powers and incentivizes the Paragon user community and content platform. This digital token can be exchanged for fiat currency (dollars, euros, yen), in jurisdictions where such exchange is legal, or other cryptocurrency (e.g., Bitcoin, Ether) on various cryptocurrency exchanges after the initial ICO. The projected value is expected to be about USD \$1.00 per PRG (fiat currency price throughout this White Paper is provided for illustrative purposes only; no fiat currency will be accepted during the PRG token crowdsale, only cryptocurrencies such as BTC, ETH, LTC IOTA and others).

Name: ParagonCoin

Ticker: PRG

Based on: Ethereum

Technical data:

- A total of 200,000,000 PRG will be generated. There will be no further production of tokens so, over time, the tokens in circulation shall reduce in number and increase in demand.
- Desktop wallets for Mac OS, Windows, and Linux keep cryptocurrency safe while allowing for easy transfers, balance viewing, and simple use.

- Tokens are created with an ERC20 token smart contract. The integrity of the system is built on the self-interest of token owners. Owners of more tokens may have more say in the Paragon community and the direction Paragon takes.
- Fast network speeds with transactions settling in a minute or so.
- Ethereum backed voting feature: PRG uses blockchain-based voting for a true democracy.
- Expanded notary and/or oracle service is possible on Ethereum blockchain with ParagonCoin.
- Multi-signature accounts can be implemented in just two clicks.
- Fixed fees make it easy to know your costs. You don't need to calculate how much each transaction will cost.
- Best Application Program Interface (API) and smart contract documentation available on blockchain.
- User-friendly Graphic User Interface (GUI) makes it easy to go from idea to implementation without a lot of tech skills or developers needed.

Token distribution is an important part of a token crowdsale. The distributed value and frequency of token production influence token price. 200,000,000 total tokens will be generated. These tokens will be introduced in two ways. Token crowdsale will be conducted as follows.

- 100,000,000 tokens for sale valued at \$1.00 USD each at stage 1
- 50,000,000 tokens for sale at stage 2 - no sooner than 2021, at market price (not the initial \$1 of the first crowdsale )
- 40,000,000 tokens allotted for Paragon controlled reserve to maintain price support of the PRG tokens. Tokens can be bought or sold to keep the tokens circulation stable
- 10,000,000 tokens community-controlled reserve to be used for the best startup ideas as voted on by the community

Paragon is committed to a fully transparent process even beyond the open source coding. Here are other ways we will work for transparency and community control.

- Engage one of the “Big Four” accounting companies for annual third-party audits.
- Founders and team members who own PRG will be prohibited from liquidating that PRG at a rate of more than 20% of their position within the first calendar year. This is to prevent dumping and to keep a stable token price. It keeps their interests aligned with the Paragon community.
- Reserved token crowdsale funds will be inaccessible for any other purpose than future token crowdsale events. The PRG price of the second and third token crowdsale events will be determined based on, but not limited to, the PRG exchange price prior to the crowdsale event in question.
- Community approval will be used via smart contract voting. The voting may approve coin reserve unlocking, club membership policy changes, and other changes that affect the Paragon community.
- A minimal threshold amount will be required for a completed token crowdsale. The token offering will have a series of cap levels. If the token crowdsale does not reach its minimum cap of 10 million, any funds received during the token crowdsale will be returned to the original initiating wallets automatically. Assuming the minimum threshold is exceeded, but the maximum cap of 100 million tokens is not met, any unsold tokens will be burned. Any funds received after having reached the maximum cap of 100 million tokens will be automatically returned to the senders’ wallet.
- Third-party recognized escrow agent will ensure tokens deposited for a token crowdsale are kept secure until the token crowdsale is finalized and the tokens generated.
- Each token crowdsale will be designed to reduce the number of large buyers (whales) who may want to dump tokens. Instead, the token crowdsale will favor smaller investors who are committed to the cannabis cause and plan on participating in the community.

## How to Get ParagonCoins

The initial token crowdsale will take place between September 15, 2017 and October 16, 2017, and can be accessed via our website: <http://paragoncoin.com>. Please register for the token crowdsale so you are notified of the opening of the event. Recent token crowdsales (also commonly referred to as ICOs) have sold out in minutes. Be sure to take advantage of notification and prior registration so you do not miss out.

After the initial token crowdsale, opening a coin account with Paragon will be easy and free using existing Ethereum wallets. Because Paragon is truly decentralized, it uses peer-to-peer technology to operate with no central authority. The network collectively carries out the issuing of ParagonCoins. It works everywhere, anytime, so business can be transacted 24/7 in any part of the world.

Post-crowdsale, interested people will also be able to purchase and sell PRG on exchanges, subject to applicable regulations in their country of residence.

All transactions will be secured with state-of-the-art cryptography, and the blockchain integrity will be protected by CPU-efficient, ASIC-resistant proof of stake. This unique model will allow us to speed transactions and satisfy banking needs for cannabis-related businesses. In particular, it will offer cannabis businesses and consumers a legal alternative to the current regulatory restrictions.

Paragon is committed to the cryptocurrency community. We want to keep the value of PRG strong and growing. We also do not want our token crowdsale to affect the Bitcoin price. To that end, we will be very careful as we convert the token crowdsale proceedings to fiat currency to pay for expenses. We will stage the conversion of the token crowdsale proceeds over time and through multiple cryptocurrencies and exchanges. This will dilute any impact that volume might make on either PRG or other cryptocurrencies.

### 3.3 PARAGON SPACE

We are creating a chain of high-tech, fully equipped Paragon centers similar to WeWork®. We will put them in areas where cannabis is legal, and there is strong interest in cannabis. This will give startups easy access to a network of resources to set up, manage, and grow their business with the help of like-minded individuals. Within the co-working spaces, individuals can receive mentoring, legal and business advice, and access industry information and best practices. It will facilitate the exchanges of information, education, sales, purchases, and transporting of cannabis.

Our mission is to create a safe physical space where advocates can push to repeal current regulatory restrictions and present information on the benefits of marijuana use for medical conditions, recreational use, and general well being.

Our long-term goal is to expand our presence throughout the US, the EMEA (Europe/Middle East/Africa), and APAC (Asia Pacific) regions. All expansion plans will be carried out in adherence to local laws and regulations. Over 164 million people use marijuana around the world. Major markets and producers in the Americas and Europe began with two source countries – the Netherlands and Canada. They were quickly followed by Germany, Austria, Italy, Finland, Croatia, Australia, New Zealand, Israel, Brazil, and Chile.

Still, the checkerboard of laws and restrictions prohibit cannabis imports or exports across state, and often national, borders. Thus, it makes sense to establish local, brick-and-mortar office spaces and unite the cannabis community one location at a time.

## INTERNATIONAL LEGAL CANNABIS TRADE



® WeWork® is a registered trademark of WeWork Companies, Inc. We are not affiliated with or endorsed by WeWork Companies, Inc.



## The Need for ParagonSpace

ParagonSpace fulfills an essential need in the cannabis industry. Areas zoned for cannabis businesses are limited and office space is tight and high priced. Many landlords will not rent to a cannabis business because they fear legal ramifications. Furthermore, most cannabis businesses work in isolation. Paragon is creating the first large-scale cryptocurrency-backed brick-and-mortar project. This may be the only physical community setting where cannabis ideas can cross pollinate and members receive encouragement and support.

ParagonSpace supports several of the main goals of the Paragon mission at once.

- 1. It offers vital physical office space so like-minded people can work and brainstorm.**
- 2. It supports the ParagonCoin tokens by only accepting PRG in payment for access to office space and to purchase office equipment, printing and other services, snacks, and nearly anything else necessary to function in this business environment. Essentially, it creates a PRG sub-economy.**
- 3. It builds a rock-solid foundation for supporting the value of the currency, making it very attractive to hold and use for the long-term.**
- 4. It solves a real and substantial office space problem in the quickly growing legal cannabis industry.**



The lion's share of the token crowdsale proceeds will be spent on real-estate acquisition. Think of it as a sort of elite coworking membership where your PRG tokens give you access to physical space. The more tokens you have, the more space you can rent. These office spaces will be rented or leased using PRG as the currency of exchange.

## How Does ParagonSpace Work?

To get a reserved space at our center, applicants will need to pitch their legalization ideas or cannabis startup ideas to our community. All applications will be upvoted and/or downvoted by the community members with our tokens. Only applicants with the most upvotes will secure a reserved space at our centers; other token holders will still have access and use the common floor for workspace.

## CO-WORKING SPACES

### SPACES TO OPEN ALL OVER THE WORLD

Each space has two areas- on-demand and dedicated to startups:



**On-demand:** is first-come, first-served;

**Dedicated:** is geared toward facilitating startups that are committed to the advancement of the community

**Entry to all payments in the space only via PRG.**



Examples of typical PRG transactions in ParagonSpace include (but are not limited to):

- Opening doors by scanning a QR code of an active wallet with at least 1 PRG
- Paying for your own and/or guest access. Renting floating or fixed desk space or private office with PRG
- Printing/scanning/faxing services at ParagonCoin Centers can be paid automatically with PRG
- Paying for food, drinks, events, and merchandise with simple PRG checkout
- Securing conferences, events, research, and educational space for the legalized cannabis industry
- Buying time for photo/audio/video studio for product shootings, interviews, podcasts, etc.

- **Joining a social club and/or café for ParagonCoin Club members**
- **Participating in web and in-app coworking, events, and a conference-reservation system with instant PRG payment**
- **Specialized retail services and SPAs with cannabis products at a flagship location with PRG payment and tipping (retail of cannabis products at spas limited to jurisdictions where such cannabis products are legal)**

Where and when feasible pursuant to applicable laws, ParagonSpace sites will also host cannabis dispensaries, which will operate exclusively in our PRG tokens. These will be flagship store locations, highlighting the new retail token technology that we will make available to all cannabis retailers. The exclusive adoption of this new model will not only help with standardization but with supporting the global blockchain and cannabis communities.

Examples of ParagonChain technology that will be used in ParagonSpace sites include:

- **Wallets**
- **Dashboards**
- **Electronic key to open doors at the co-working spaces**
- **SDKs to integrate to third-party POS (offline and online) to accept PRG (until legalized – limited use)**
- **ATMs to convert PRG**
- **Speed PRG payment system**

ParagonSpace acts as an incubator as well. A portion of the revenues from the ParagonSpace fees will be set aside in a “token fund.” Four times a year, 1% of all applications will receive additional funding from our “token fund” to make their own token crowdsale to fund their legalization efforts.

ParagonSpace shares some similarities to WeWork, which claims “workspace designed for fresh ideas, organic networking, and month-to-month flexibility.” WeWork reported \$532M in revenue in 2016 with 110 locations, and claims a valuation of \$16B with 100,000 members. They have achieved this in less than 5 years. Paragon appeals to a smaller segment of the population, but the need is much greater. We expect to grow just as quickly and to have a measurably more loyal membership. Our conservative projections for the first year are for 10 spaces, with 200 members each, and each of those spending 30-50 PRG per day for office space and other amenities. This equates to an annual run rate of close to 25M PRG.

Some of these tokens may be removed from circulation as they are used to pay for office building management, maintenance, and taxes. Diminished token numbers may lead to an increased value of each token. We are committed to keeping as much of the operational expenses as possible in PRG and to building a network of suppliers who accept PRG as payment. We will further ensure that future issuances of the token are inline with the demand we create through ParagonSpace's growth.

## ParagonSpace Rollout

The ParagonCoin Center's anticipated rollout in the following cities (order to be determined by the community):

### **Oakland (Flagship HQ)**

Los Angeles

Denver

Toronto

New York

Barcelona

London

Miami

Madrid

Amsterdam

Montevideo

Seattle

Prague

Sydney

Berlin

Cape Town

## 3.4 PARAGONONLINE COMMUNITY

Not every cannabis business will be able to work at a ParagonSpace center. However, anyone with internet in any part of the world can access our full-service online platform. This platform will allow fans and serious entrepreneurs access to the same blockchain community and technology. Even though members may be scattered around the world, their voices will be heard.

### ParagonOnline Roles and Goals

The ParagonOnline community essentially serves as the steering committee for the entire organization. They determine key priorities and directions for global actions. New ideas and projects can be offered and discussed by the community, eventually being pushed into development and production if the minimal upvote threshold is achieved.

- \* **Priorities in the ParagonCoin roadmap can be upvoted and downvoted as well. The community will vote on and determine:**
  - Which cities get ParagonSpace buildings, which cities get flagship centers
  - What the community rules will be
  - What blockchain and smart contract development will have priority and be funded first
  - Where to push for legalization initiatives
  
- \* **Community members can meet in groups to discuss and vote. Some of these groups will cover: current legal issues, political legalization efforts, technical development, new business ideas, and new priorities.**
  
- \* **ParagonOnline will serve as the reservation and clearinghouse system for ParagonSpace. Community members will be offered space based on their standing in the community and on the basis of upvotes and downvotes (each costing 0.01 PRG) received from their online contributions.**

ParagonOnline is designed to be a “community-based” online space where tasks, functions, goals, and priorities are defined and redefined in real-time by the community. Thus it allows for greater freedom and flexibility for users, businesses, and buyers of cannabis. The structure of the Paragon platform encourages individuals to take long-term interests in one project or speculate on a number of ideas.

ParagonOnline will act as a one-stop service and platform for cannabis and alternative payment-related scientists, journalists, investors, marketers, doctors, developers, fintech specialists, entrepreneurs, startups, and lawyers. Because every business is a human venture, the professional networking potential will be highly beneficial. It will give the cannabis industry a whole new dimension.

The decentralized platform for the legalization of marijuana will not only make professional networking all the easier but, more crucially, make networking, in general, a natural part of our culture. We can reach out to new people with a sense of increased professionalism that heightens respect for the industry. Connections will be celebrated, encouraged, and rewarded.

The aggregate collection of content will create a cannabis research library like no other. One of the incentives that will drive consumers and businesses to use the Paragon platform is that it rewards contributors who post content to the community. Users can be curators, contributors, or both. The more content uploaded by a member, the more their influence grows and the more they will be “upvoted” and earn PRG. ParagonOnline will create substantial demand for PRG. We estimate a devoted community of about 1 million in the first year and that the average user will spend about 10 tokens. This brings an exchange of 10M PRG in just the first year.

### How Does ParagonOnline Work?

The “blockchain-based social media platform” model is characterized by the different ways that the token is presented to users. At the root is the crypto-token, which is typically a transferable, fungible, freely moveable token similar to Bitcoin or Ether. ParagonOnline will work like a blend of Reddit™<sup>9</sup> and Steemit™<sup>10</sup>.

We leverage the best practices and approaches of Reddit and Steemit to create a new generation of online community specifically for the cannabis industry and community. It allows a worldwide membership to upvote or downvote potential innovations and support them with ParagonCoin (PRG). Thus, the community decides what projects are of most value and which hold little interest.

Each member will have their own dashboard for membership registration, transaction history, networking, scheduling, event lists, etc. From there, they can join and keep track of niche discussions that are important to them. They can track the progress of projects they have supported. Here they will also upvote and downvote.

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<sup>9</sup>Reddit™ is an online social community that posts and discusses a wide range of topics. The platform is community curated with up or down votes. Each member of the community has one vote and can propel an article to popularity with upvotes or move it to obscurity with downvotes. Articles and comments are posted in channels or sub niches by topic.

<sup>10</sup>Steemit™ takes Reddit to the next stage. It also uses community curated information, but it pays members for their work. They can be paid for content, whether they write it, comment on it, or post someone else’s content. They vote posts up or down by using Steem dollars. The more Steem Power they own, the more influential their vote and the more they, and the person they comment on, get paid in the platform’s Steemit cryptocurrency.

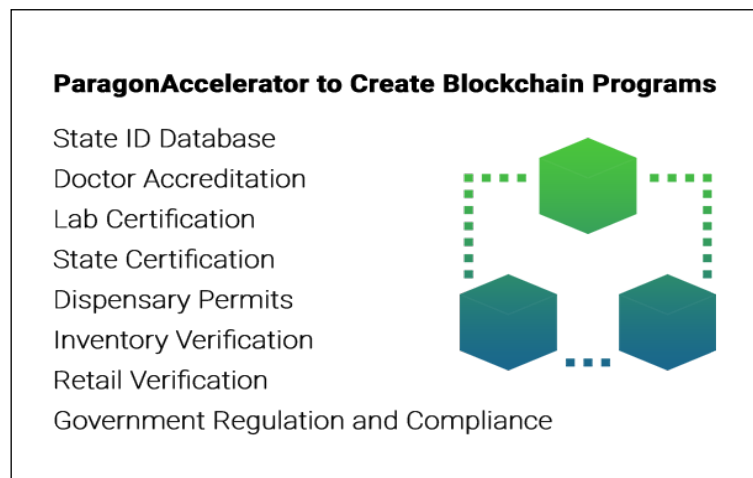
### 3.5 PARAGON ACCELERATOR

ParagonAccelerator will work within the ParagonSpace and ParagonOnline communities. Both will have access to the extensive cannabis library and blockchain smart contract technology.

The platform will encourage Space residents and Online users to start their own businesses. They may use simplified pre-formatted plug-and-play kinds of apps found on the platform to quickly innovate. These can help them create two types of smart contracts for their apps. They can receive funding from other Paragon members. All the technical and legal material used to produce ParagonCoin will be available for members for their business projects, even assisting in their own token crowdsales. Paragon is committed to stay at the forefront of all cannabis and blockchain technology and to make it available to all Paragon users. This creates a Paragon advantage that will draw the best and brightest to our community.

Some of the benefits of an applied incubator model include:

- **Increased entrepreneurship**
- **Corporate downsizing**
- **New technologies**
- **Increased involvement of educational institutions in technology transfer**
- **Economic globalization**



As a member of our specialized incubator, members will reap multiple benefits, such as the ability to tap into a strong network of business partners<sup>11</sup>. Within the incubator, entrepreneurs and startup founders can access a support system where they could learn from the mistakes of others before erring themselves.

Startups in the Paragon space will now have access to simplified banking in a formerly unbankable industry. They can convert their cash to PRG, and from there, they can buy supplies, pay labs, researchers, and technical support. The goal is to have all transactions possible in PRG and to be a fully alternative method of payment .

An incubator or accelerator can play a huge role in growing a cannabis startup. The ParagonAccelerator is uniquely linked to the growth of the legal cannabis industry. Our model grows and develops with the industry autonomously, responding to the demand for new businesses with revolutionary ideas.

<sup>11</sup> Brandt, Ellen. "Incubators: A Safe Haven for New Business." Journal of Property Management. January-February 1991.

## Software and Apps

Below is a sample of the kind of software that uses Paragon's smart contracts. Apps and software programs such as this are the desired outcome of ParagonAccelerator.

### ***Paragon Plant Tracking Software (PTS)***

#### **Setup and System**

- Growers may place their grow blueprint into Paragon PTS
- System allows RFID tags to track plants in the grow
- Identify plants with customized names: Mothers, Clones, Veg, Bloom and R&D in system
- Tag pots. No need for physical tag on plants
- Record nutrients and/or required pesticides/anti-fungal
- Track and record room temperatures, light type, days in veg, days drying, days in cure, hand trim, hydro vs. soil, etc.

#### **Clones and Mothers**

- Record number of clones (trimmings off Mother plants), usually 200-500 into PTS and label tray
- Once you transplant your hardiest clones to pots, record the number of tags to print and record the number of clones died

#### **Moving Plants**

- The RFID tags detect when a plant changes rooms and the system will ask why? Different movement of plants like room transfer, harvest, waste, etc. can be recorded for legal or grower's purposes.
- When moving a group of plants from room to room (ex: veg to bloom) you can pre-select this move and the system will not alert on this movement.

#### **Destroying Plants**

- If plants die, the system will record them as destroyed and a reason why (lack of water, poor roots, mildew, etc.)
- PTS can record 24/7 camera surveillance of the disposal bin to ensure no backdoor selling of "destroyed" plants

#### **After Harvest**

- Scan each harvested plant from that crop into system. Record weight if necessary.
- Use PTS to record drying method (hang, rack, etc.) and number of days plant is dried.
- Weigh and record pre-trim and final post-trim weight for crop.



### Test the Crop

- Use PTS to record test results for:
  - Mold/Mildew
  - Pesticides
  - THC/CBD
  - Full Terpene Profile
- Results can be measured for 10 or 20 lb lots or for the full harvest
- PTS places all of this information on the barcode or other site so customers can access it in retail shops

### Processing

- **Flower**
  - PTS holds cure time, trim type, etc. that clients can access
- **Oil**
  - Oil can include two the flower test result and the required extract test result.
  - System will include who OP is
  - Record final test result after processing, PPMs, full terpene profile, any cutting agents, etc.
- **Edibles**
  - Include who grower and processor are for oils

### After Processing and Pre-B2B

- In system, record number of product SKUs produced. (For example: 150 ounces of SLH, 600 boxes of 100 mg chocolate chip cookies)
- PTS ties the inventory to an online ordering system accessible to retailers or distributors
- Producers and processors can control which of their inventory and how much they want shown on the ordering inventory

### Once an Order is Placed

- No 24 hour quarantine required (WA i502 law) before delivery
- System tracks delivery to shop
- Final product tag includes:
  - Shop name
  - Harvest, processing or creation date
  - THC/CBD
  - Terpene profile

- Pesticides
- Green certified
- Hand trim
- Scan code for additional info

#### **System for B2C Online Integration**

- PTS helps retailers upload their inventory to their websites as an online ordering menu
  - Customers can order online and pick up in-store or purchase online with delivery if legal in their state
- Point of Service may tie into Leafly, WeedMaps, Simple Marijuana Menu, Baker and other online menu services

Clearly, using smart contracts on the blockchain technology can produce programs and apps that make the job of the grower, wholesaler and retailer easier and more profitable. Compliance becomes as easy as implementing a simple system. Consumers have all the information they need for good decisions. Paragon encourages this kind of innovation through ParagonAccelerator.

## 4. COLLABORATION WITH IOTA

For Data Integrity and distribution we will utilize IOTA which has no scaling limitations on transactions. Through IOTA's next generation distributed ledger 'Tangle' which consists of a pure Directed Acyclic Graph (DAG) instead of a sequential chain of blocks ParagonCoin will be able to transmit and secure all kinds of data in a tamper proof fashion for free. Via IOTA we can build an entire end-to-end verifiable audit trail of all the data and information pertaining to the cannabis produce for free at a fine granular level in real time, ensuring full transparency of provenance and meta information such as whether the cannabis is organically grown, exact amounts of pesticides/herbicides used, eco friendly certifications, THC/CBD ratio etc. Having a complete data audit trail with cryptographically ensured integrity of every aspect from production to consumption will be a game changer in enabling a thriving and sensible cannabis industry. In the future ParagonCoin will also explore utilizing the unique approach that the IOTA platform takes to 'oracles', identity and other parts of its development roadmap.

## 5. ROADMAP

- November 15, 2017: List token on major exchanges

Initial functionality will include:

1. Web-based service for management
2. Upvote/downvote capability on the online dashboard
3. Doctor database with full verification
4. Dispensary regulation and certification
5. Service provider database for members to easily access services
6. Database for cannabis favorable journalists, attorneys, equipment manufacturers, marketing, PR, etc.

Purchasing and renovating buildings for ParagonSpace will begin immediately as follows:

- February 2018: Purchase first location in Oakland, CA USA
- November 2018 : Flagship location and HQ opened, blockchain smart contract fully functioning, all services operational for all use cases described.

Order of cities to be determined by the community:

- Los Angeles, USA
- Oakland, USA
- Denver, USA
- Madrid, Spain
- Amsterdam, Netherlands
- Montevideo, Uruguay
- Toronto, Canada
- New York, USA
- Barcelona, Spain
- London, England
- Miami, USA
- Seattle, USA
- Prague, Czech Republic
- Sydney, Australia
- Berlin, Germany
- Cape Town, South Africa

## 6. FINANCES

### Token Crowdsale Parameters

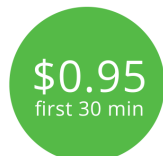
Paragon seeks to be fully transparent in all its financial dealings. A measured release of tokens will give Paragon projects and ParagonCoin the opportunity to grow and increase in influence. Escrowed funds and planned purchases of physical property are what sets Paragon above other token crowdsales.

Paragon will issue a total of 200,000,000 tokens. No additional tokens will ever be generated. Distribution of the initial 100 million tokens will be through a series of token offerings.

The **pre-launch** contribution timeline begins 30 days before the launch. It starts August 15, 2017. Within the first 10 days, early participants will receive a 25% discount with a minimum \$25k contribution. In the following 10 days, participants will receive a 15% discount with a minimum \$15k contribution. In the remaining 10 days, a 10% discount will be given to participants with a minimum \$10k contribution.

The **Token Crowdsale launch** begins September 15. The initial token price will be set at \$1 for this launch. During the first 5 hours of the token crowdsale we will offer an early bird 5% discount. Following that, the price will remain at \$1 for the remaining of the first 24 hours. Then it will increase \$0.05 each 24 hours for 30 days or until all tokens sold.

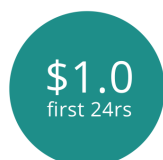
#### Phase 1



Then +1 cent every 60 min, during 5 hours.

#### Phase 2

Starts when price reaches \$1.



Then +5 cent every 24 hrs, during 30 days.

## Token Crowdsale Stage 1 50%

The Paragon Token Crowdsale Stage 1 represents the first round of raising capital of 100,000,000 PRG for the further development and implementation of our roadmap.

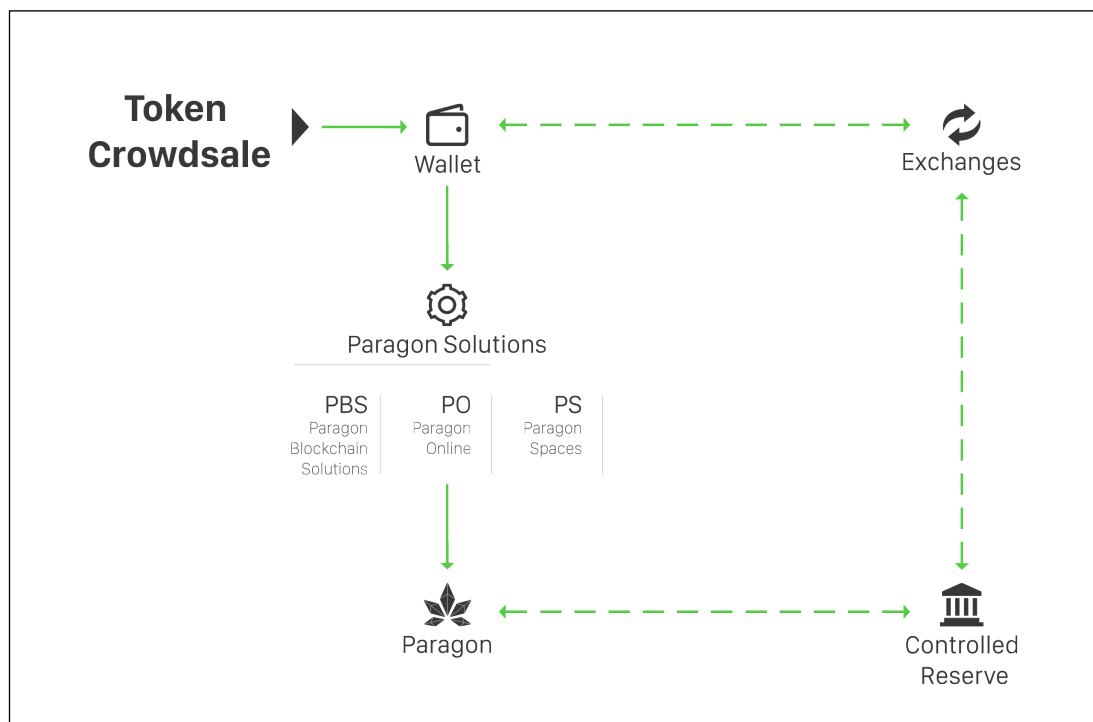
## Token Crowdsale Stage 2 25%

A total of 50,000,000 PRG will be reserved in escrow account. The full amount of PRG set in reserve will be inaccessible for any other purposes than an additional fundraising round for investors. The token crowdsale amount and time will be determined by community vote. Stage 2 will happen no sooner than 2021, and all tokens will be sold at market price, not at a fixed \$1 USD value.

The remaining 50 million PRG will be held in reserve as follows (important note: all percentage below will be adjusted in accordance with actual amount raised, e.g., if we sell 70M of 100M tokens, the following numbers will be multiplied by 0.7):

## Controlled Reserve Fund 20%

Unique to crowdsale startups, Paragon is dedicated to ensuring a stable token to serve the purposes it represents. We are very aware of the ongoing issues with pump and dump schemes that many cryptocurrencies are prone to and intend to address these. Additionally, short- and long-term fluctuations in circulating tokens can negatively impact the core functionality of our business model. The Controlled Reserve Fund will be split into two core functions to keep PRG stable.



The flowchart above depicts the possible flow of PRG funds.

***Release PRG to the markets if PRG deflates too fast and pushes token prices up too rapidly.***

The total PRG in circulation will gradually decrease - tokens will leave circulation and return to Paragon as payment for services - as well as tokens lost as a transaction burn. As a result, the market free float of PRG will decrease over time. However, in the event that PRG displays severe price volatility as a direct result of scarcity: the Reserve Fund may gradually sell PRG to the market in line with our minimum deflationary target of 2%.

***Buy PRG from the market if PRG price devalues too much.***

Despite our expectations for the value of PRG to increase as we receive payment in PRG for our services (blockchain and smart contract solutions, ParagonSpace, etc.), the cryptocurrency markets are inherently volatile. As a result, PRG may become subject to excessive sell volume resulting in a significant drop in price. To counter this, the Reserve Fund can intervene by buying back PRG in an effort to stabilize the market price.

PRG is designed to appreciate in value as our solutions are adopted throughout the cannabis industry and around the world. Our model incentivizes PRG owners to hold their tokens as long term growth assets, in addition to spending PRG on any of our platforms.

The Controlled Reserve Fund is the sole property of Paragon, and funds cannot be accessed and distributed to employees or investors. Additionally, executives and employees are prohibited from trading PRG for a 48-hour period following a buy-back or sale from the Reserve Fund.

**Community Reserve 5%**

These special funds are held in reserve by the community to be awarded to the best startup ideas. Those who meet eligibility requirements for our accelerator and are upvoted by our community can be allocated funds.

**Token Market Free Float**

As a consequence of Paragon's business model, the amount of tokens in free circulation will gradually decrease. Tokens used for community self-governing and for downvoting will be "burned." In addition, one-half of the transaction fees will be burned. Moreover, PRG in circulation will gradually be channeled back to Paragon as payment for our services and solutions, such as ParagonSpace.

A gradual reduction in circulating supply is part of Paragon's plan to encourage PRG price stability and growth, but above all, a solid price development over time. This ensures a growth of PRG purchasing power over time. While 1,000 PRG may pay for a month's rent now, in the future, it might pay for a year's rent.

## PRG Circulation Model

The relationship of supply and demand, the two variables that impact price, will be the fundamental drivers of change in market price. Demand will be impacted by, but not limited to: payment for Paragons services and co-working spaces. Supply will be impacted by (I) the number of transactions; (II) revenue PRG services; (III) community self-governing and downvoting.

Based on the above, the free float for PRG can be calculated as follows:

**FF PRG** = (total token crowdsale funds raised)  
-/- (#T x BR) -/- (\$TRev) + (\$ToM)

**FF PRG** = Free Float PRG

**#T** = number of transactions

**BR** = burn rate

**\$TRev** = nominal value of PRG revenue flowing back

**\$ToM** = nominal value of PRG sold in the open market

We aim to ensure an annual nominal circulating token deflation of 2% to provide a natural hedge against the loss of purchasing power of fiat currency.

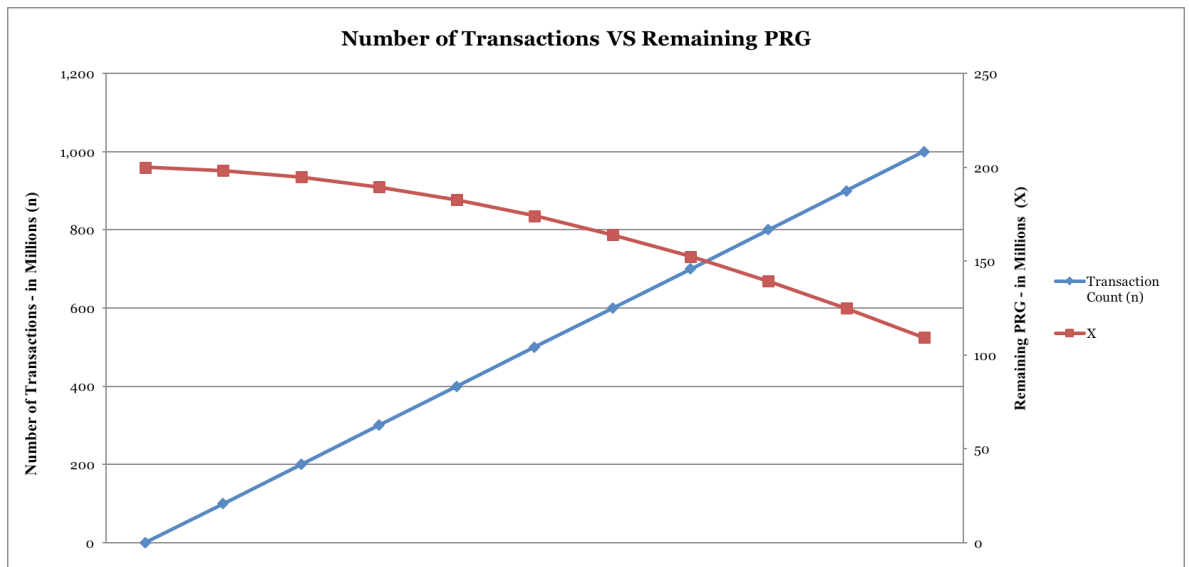
## Transaction Fees

All fees on the Paragon ecosystem will be paid in PRG. The fee structure will keep the price of each transaction low. Each transaction will cost \$.000000005 or 5/1000000000 of a cent (5E-10%). One-half of the fee will be burned each time a transaction occurs, and the other one-half will be deposited to the Paragon Reserve Fund. With the cannabis market surpassing \$100B market size in the US alone and current banking issues, we're hoping to bring a big share of it onto our platform.

Our initial ParagonCoin (PRG) inventory is 200m. We'll call our Remaining PRG (X). Each progressive Number of Transactions (n) are calculated as the difference of remaining PRG in the previous Transaction Count (X<sub>t-1</sub> where n<sub>t-1</sub>) and the amount of PRG burned. This is one-half of the calculated Total Commissions (Y<sub>t</sub>), in the current Number of Transactions (n).

Total commissions at each Number of Transactions (n) is calculated by multiplying n by the per unit commission. Per unit commission is figured as the sum of 0.025 and the product of 5E<sup>-9</sup>% and the Remaining PRG (X<sub>t-1</sub>) from the previous Transaction Count.





\*

As we can see from the visual, the number of remaining PRG decreases rapidly as the Number of Transactions progressively increases.

There will be a small Ethereum fee (gas) applied to each transaction. Based on our calculations, it will be around \$0.01.

\* This graph has been updated to reflect correct calculation.

## 7. TEAM

Our team brings a depth of experience across business, technology, blockchain, smart contracts, and the cannabis industry.

**Jessica VerSteeg**  
CEO  
CEO at AuBox



**JESSICA VERSTEEG** is the CEO of AuBox, an upscale marijuana delivery service in the Bay area. Her fast-growing 2-year-old company has been covered by Forbes, Vogue, Marie Claire, Sports Illustrated, Yahoo, and other prominent media.

VerSteeg is a model, former Miss Iowa, and an "Amazing Race" participant. She lost someone close to her due to a painkiller overdose and dedicated her life to fight for cannabis legalization and against Big Pharma.



**Egor Lavrov**  
Chief Creative Officer  
CCO at Peak Mediation, Serial entrepreneur. multiple multimillion dollar exits



**Vadym Kurylovych**  
Chief Technology Officer,  
Blockchain Developer  
CEO at Stocks.Exchange



**David Kalustov**  
VP of Business Development  
CRO at Peak Mediation, Inc.



**Julian Zegelman**  
Chief Legal Officer  
Corporate Attorney, Partner  
at  
Velton · Zegelman PC



**Giovanti Humphries**  
Chief Financial Officer  
VP at City National Bank,  
Senior  
banking leader. MBA in  
corporate  
strategy; undergrad in polit-



**Chuck Bogorad**  
Chief Strategy Officer  
Former Chief Product Officer  
at Smilart, Crisis Manager and  
CTO at First Non-state Pension  
Fund



**Joshua Rogers**  
Chief Accounting Officer  
Former Partner, Head of  
Strategy Group at KPMG  
Real Estate Entrepreneur



**Gareth Rhodes**  
Chief Business Officer EMEA  
Owner at SilverBit, Project  
Manager at SDL plc (LSE:SDL)



**Alex Emelichev**  
Chief Business Officer EMEA  
Co-founder at Pravda Group,  
Co-founder at Russian  
Standard Group



**Robert Escobar**  
Chief Operating Officer  
Head of Operations at Ipsy,  
Gwynnie Bee, Rocksbox, etc.



**Kayla Booth**  
PR Manager  
Account Manager at Visionaire  
Partners, Former Marketing  
Manager at 3P Technology  
Staffing



**Priscilla**  
Paragon mascot

## Advisory Board



**Jayceon T. Taylor**  
Better known by his stage name The Game



**Sergei Sergienko**  
CEO of ChronoBank



**Bess Byers**  
Founder of imcannabess



**Baky Soumare**  
Professional Soccer Player



**Paris Rouzati**  
Forbes 30 under 30, Chief of Staff at Slow Ventures



**Troy von Otnott**  
CEO of Massive Technologies



**Edwin van den Berg**  
Senior Lecturer



**Nick Evdokimov**  
14 years' experience in developing high load online services.



**Juan Carlos Gómez**  
Director of Clinical Programs



**Paul Kim**  
Former COO at Oomba, CEO at Xfire



**Ernesto Ovcharenko**  
Past experience: Network Engineer at Facebook



**Mohsen Ashraf**  
Silicon Valley Executive



**Ryan June**  
Founder and president at Parsable

## 8. PARTNERS



CHRONO BANK



STOCKS EXCHANGE



CLARITY



CANNA BRAND



MELROSE



ICOpromo.com



ICO BOX



JYCC Fund

JYCC Fund



Velton Zegelman



IOTA



We Are Arthur

Escrow : **Clayton Goree at Wells Fargo VP Business Development**

<https://www.linkedin.com/in/claytongoree/>  
and

**Julian Zegelman at Velton - Zegelman Law Firm**

<https://www.linkedin.com/in/jzegelman>

## 9. RISKS

### ParagonCoin Token Generation Event Risk Factors

You should carefully consider and evaluate each of the following risk factors and all other information contained in the Terms before deciding to participate in the PARAGONCOIN Token Generation Event (the “TGE”). To the best of PARAGONCOIN LTD (Gibraltar) (the “Company”) knowledge and belief, all risk factors which are material to you in making an informed judgment to participate in the TGE have been set out below. If any of the following considerations, uncertainties or material risks develops into actual events, the business, financial position and/or results of operations of the Company and the maintenance and level of usage of the PARAGONCOIN platform and the PRG Tokens could be materially and adversely affected. In such cases, the trading price of PRG Tokens (in the case where they are listed on a cryptocurrency exchange) could decline due to any of these considerations, uncertainties or material risks, and you may lose all or part of your PRG Tokens.

#### 1. RISKS RELATING TO PARTICIPATION IN THE TOKEN GENERATION EVENT

*There is no prior market for PRG Tokens and the Token Generating Event (TGE) may not result in an active or liquid market for the PRG Tokens*

Prior to the TGE, there has been no public market for the PRG Tokens. Although the Company will use reasonable endeavors to seek the approval for availability of the PRG Tokens for trading on a cryptocurrency exchange, there is no assurance that such approval will be obtained. Furthermore, even if such approval is granted by a cryptocurrency exchange, there is no assurance that an active or liquid trading market for the PRG Tokens will develop, or if developed, will be sustained after the PRG Tokens have been made available for trading on such cryptocurrency exchange. There is also no assurance that the market price of the PRG Tokens will not decline below the original purchase price (the “Purchase Price”). The Purchase Price may not be indicative of the market price of the PRG Tokens after they have been made available for trading on a cryptocurrency exchange.

A PRG Token is not a currency issued by any central bank or national, supra-national or quasi-national organization, nor is it backed by any hard assets or other credit. The Company is not responsible for, nor does it pursue, the circulation and trading of PRG Tokens on the market. Trading of PRG Tokens will merely depend on the consensus on its value between the relevant market participants. No one is obliged to purchase any PRG Token from any holder of the PRG Token, including the purchasers, nor does anyone guarantee the liquidity or market price of PRG Tokens to any extent at any time.

Furthermore, PRG Tokens may not be resold to purchasers who are citizens or permanent residents of Singapore or any other jurisdiction where the purchase of PRG Tokens may be in violation of applicable laws (including but not limited to laws regulating controlled substances, such as cannabis). Accordingly, the Company cannot ensure that there will be any demand or market for PRG Tokens, or that the Purchase Price is indicative of the market price of PRG Tokens after they have been made available for trading on a cryptocurrency exchange.

***Future sales or issuance of the PRG Tokens could materially and adversely affect the market price of PRG Tokens***

Any future sale or issuance of the PRG Tokens would increase the supply of PRG Tokens in the market and this may result in a downward price pressure on the PRG Token. The sale or distribution of a significant number of PRG Tokens outside of the TGE (including but not limited to the sales of PRG Tokens undertaken after the completion of the initial crowdsale, issuance of PRG Tokens to persons other than purchasers for purposes of community initiatives, business development, academic research, education and market expansion and issuance of PRG Tokens as a reward to users of the PARAGONCOIN platform), or the perception that such further sales or issuance may occur, could adversely affect the trading price of the PRG Tokens.

***Negative publicity may materially and adversely affect the price of the PRG Tokens***

Negative publicity involving the Company, ParagonCoin, Inc. (the PARAGONCOIN project's operating entity organized in Delaware, USA), the PARAGONCOIN platform, the PRG Tokens or any of the key personnel of the Company or ParagonCoin, Inc., regulation of cannabis in the US or worldwide, and/or regulation of cryptocurrencies in the US or worldwide, may materially and adversely affect the market perception or market price of the PRG Tokens, whether or not it is justified.

***We may not be able to pay any anticipated rewards in the future***

There is no assurance that there will be sufficient engagement in the PARAGONCOIN platform such that you will receive any rewards anticipated to be distributed to active users of the PARAGONCOIN platform. Further, even in the event there is substantial engagement and interactions among the users and the PARAGONCOIN platform, there is no assurance you personally will receive any part of the rewards. This is because the ability of the Company to pay any reward to you will depend on the future results of operations and the future business and financial condition of the Company and/or ParagonCoin, Inc., and there is no assurance of the future results of operations and the future business and financial condition of the Company or ParagonCoin, Inc.

***There is no assurance of any success of PARAGONCOIN Platform or any Future Business Line***

The value of, and demand for, the PRG Tokens hinges heavily on the performance of the PARAGONCOIN platform and the continuous active engagement of its users and success of its contemplated business lines. There is no assurance that the PARAGONCOIN platform will gain traction after its launch and achieve any commercial success. Furthermore, there is no assurance that any of the business lines contemplated by ParagonCoin, Inc. will be launched and generate sufficient customer traction. Such contemplated business lines currently include but are not limited to: (a) create an immutable ledger for all legal cannabis industry related data via ParagonChain™, (b) offer payment for legal cannabis industry related services and supplies through PRG Tokens, (c) establish niche coworking spaces via ParagonSpace™, (d) organize and unite global cannabis legalization efforts through ParagonOnline™, and (e) bring standardization of licensing, lab testing, transactions, supply chain and ID verification through apps built in ParagonAccelerator™. Although ParagonCoin, Inc. has performed several market studies testing the demand for the PARAGONCOIN platform with relatively positive results, the PARAGONCOIN platform has not been fully developed and finalized and is subject to further changes, updates, and adjustments prior to its launch. Such changes may result in unexpected and unforeseen effects on its projected appeal to users, possibly due to the failure to meet users' preconceived expectations based on the beta version, and hence, impact its success. While the Company has made every effort to provide a realistic estimate, there is also no assurance that the cryptocurrencies raised in the TGE will be sufficient for the development of the PARAGONCOIN platform and/or for the proper structuring and licensing of the anticipated PARAGONCOIN future anticipated business lines. For the foregoing or any other reason, the development of the PARAGONCOIN platform and launch of the anticipated PARAGONCOIN future business lines may not be completed and there is no assurance that it will be launched at all. As such, distributed PRG Tokens may hold little worth or value.

***The funds raised in the Token Generation Event are exposed to risks of theft***

The Company will make every effort to ensure that the funds received from the TGE will be securely held in an escrow wallet, which is a multi-signature address with access thereto by private keys held by reputable and trusted parties. Further, upon receipt of the funds from the Company, ParagonCoin, Inc. will make every effort to ensure that the funds received by it from the Company will be securely held through the implementation of security measures. Notwithstanding such security measures, there is no assurance that there will be no theft of the cryptocurrencies as a result of hacks, sophisticated cyber-attacks, distributed denials of service or errors, vulnerabilities or defects on the TGE website, in the smart contract(s) on which the escrow wallet and the TGE relies, on the Ethereum or any other blockchain, or otherwise.

Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. In such event, even if the TGE is completed, the Company or ParagonCoin, Inc. may not be able to receive the cryptocurrencies raised and ParagonCoin, Inc. may not be able to use such funds for the development of the PARAGONCOIN platform and/or for launching any future business line, including but not limited to the structuring and licensing of the PARAGONCOIN future business lines. In such case, the launch of the PARAGONCOIN platform and the structuring and licensing of the PARAGONCOIN future business lines might be temporarily or permanently curtailed. As such, distributed PRG Tokens may hold little worth or value.

## **2. RISKS RELATING TO THE ESCROW WALLET**

***The private keys to the escrow wallet may be compromised and the cryptocurrencies may not be able to be disbursed***

The escrow wallet is designed to be secure. Each of the holders of the three (3) private keys to the escrow wallet will use all reasonable efforts to safeguard their respective keys, but in the unlikely event that any two (2) of the three (3) keys to the escrow wallet are, for any reason whatsoever, lost, destroyed or otherwise compromised, the funds held by the escrow wallet may not be able to be retrieved and disbursed, and may be permanently unrecoverable. In such event, even if the TGE is successful, the Company will not be able to receive the funds raised and ParagonCoin, Inc. will not be able to use such funds for the development of the PARAGONCOIN platform and the structuring and licensing of the PARAGONCOIN future business lines. As such, distributed PRG Tokens may hold little worth or value.

## **3. RISKS RELATING TO PARAGONCOIN, INC.**

The PARAGONCOIN platform is developed, operated, and maintained by ParagonCoin, Inc. Any events or circumstances which adversely affect ParagonCoin, Inc. or any of its successor operating entities (collectively referred to herein as "ParagonCoin, Inc.") may have a corresponding adverse effect on the PARAGONCOIN platform and any future business line, including but not limited to structuring and launch of the PARAGONCOIN future business lines. Such adverse effects would correspondingly have an impact on the utility, liquidity, and the trading price of the PRG Tokens.

**ParagonCoin, Inc. may be materially and adversely affected if it fails to effectively manage its operations as its business develops and evolves, which would have a direct impact on its ability to maintain the PARAGONCOIN platform and/or launch any future business lines**



The financial technology and cryptocurrency industries and the legal cannabis markets in which ParagonCoin, Inc. competes have grown rapidly over the past four years and continue to evolve in response to new technological advances, changing business models, shifting regulations and other factors. As a result of this constantly changing environment, ParagonCoin, Inc. may face operational difficulties in adjusting to the changes, and the sustainability of ParagonCoin, Inc. will depend on its ability to manage its operations, ensure that it hires qualified and competent employees, and provides proper training for its personnel. As its business evolves, ParagonCoin, Inc. must also expand and adapt its operational infrastructure. ParagonCoin, Inc.'s business relies on its blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology, and efficient real estate management. All of these systems, tools, and skillsets represent complex, costly, and rapidly changing technical infrastructure. In order to demonstrate continued ability to effectively manage technical support infrastructure for the PARAGONCOIN platform, ParagonCoin, Inc. will need to continue to upgrade and improve its data systems and other operational systems, procedures, and controls. These upgrades and improvements will require a dedication of resources and are likely to be complex and increasingly rely on hosted computer services from third parties that ParagonCoin, Inc. does not control. If ParagonCoin, Inc. is unable to adapt its systems and organization in a timely, efficient, and cost-effective manner to accommodate changing circumstances, its business, financial condition and results of operations may be adversely affected. If the third parties whom ParagonCoin, Inc. relies on are subject to a security breach or otherwise suffer disruptions that impact the services ParagonCoin, Inc. uses, the integrity and availability of its internal information could be compromised, which may consequently cause the loss of confidential or proprietary information and economic loss. The loss of financial, labor or other resources, and any other adverse effect on ParagonCoin, Inc.'s business, financial condition and operations, would have a direct adverse effect on ParagonCoin, Inc.'s ability to maintain the PARAGONCOIN platform and/or to structure and license the anticipated PARAGONCOIN future business lines. Any adverse effects affecting ParagonCoin, Inc.'s business or technology are likely to also adversely impact the utility, liquidity, and trading price of the PRG Tokens.

**ParagonCoin, Inc. may experience system failures, unplanned interruptions in its network or services, hardware or software defects, security breaches or other causes that could adversely affect ParagonCoin, Inc.'s infrastructure network, and/or the PARAGONCOIN platform**

ParagonCoin, Inc. is not able to anticipate when there would be occurrences of hacks, cyber-attacks, distributed denials of service or errors, vulnerabilities or defects in the PARAGONCOIN platform, the smart contracts on which the Company, ParagonCoin, Inc., or the PARAGONCOIN platform relies or on the Ethereum or any other blockchain. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. ParagonCoin, Inc. may not be able to detect such hacks, cyber-attacks, distributed denials of service errors vulnerabilities or defects in a timely manner, and may not have sufficient resources to efficiently cope with multiple service incidents happening simultaneously or in rapid succession.

ParagonCoin, Inc.'s network or services, which would include the PARAGONCOIN platform and, if successfully structured, licensed, and launched, the PARAGONCOIN future business lines, could be disrupted by numerous events, including natural disasters, equipment breakdown, network connectivity downtime, power losses, or even intentional disruptions of its services, such as disruptions caused by software viruses or attacks by unauthorized users, some of which are beyond ParagonCoin, Inc.'s control. Although ParagonCoin, Inc. has taken steps against malicious attacks on its appliances or its infrastructure, which are critical for the maintenance of the PARAGONCOIN platform, there can be no assurance that cyber-attacks, such as distributed denials of service, will not be attempted in the future, that ParagonCoin, Inc.'s enhanced security measures will be effective. ParagonCoin, Inc. may be prone to attacks on its infrastructure intended to steal information about its technology, financial data or user information or take other actions that would be damaging to ParagonCoin, Inc. and/or holders of the PRG Tokens. Any significant breach of ParagonCoin, Inc.'s security measures or other disruptions resulting in a compromise of the usability, stability, and security of the PARAGONCOIN platform may adversely affect the utility, liquidity and/or trading price of the PRG Tokens.

***We are dependent in part on the location and data center facilities of third parties***

ParagonCoin, Inc.'s current infrastructure network is in part established through servers which it owns and houses at the location facilities of third parties, and servers that it rents at data center facilities of third parties. If ParagonCoin, Inc. is unable to renew its data facility lease on commercially reasonable terms or at all, ParagonCoin, Inc. may be required to transfer its servers to a new data center facility, and may incur significant costs and possible service interruption in connection with the relocation. These facilities are also vulnerable to damage or interruption from, among others, natural disasters, arson, terrorist attacks, power losses, and telecommunication failures. Additionally, the third-party providers of such facilities may suffer a breach of security as a result of third-party action, employee error, malfeasance or otherwise, and a third party may obtain unauthorized access to the data in such servers. Inc. and the providers of such facilities may be unable to anticipate these techniques or to implement adequate preventive measures.

***General global market and economic conditions may have an adverse impact on ParagonCoin's operating performance, results of operations, and cash flows***

ParagonCoin, Inc. has been and could continue to be affected by general global economic and market conditions. Challenging economic conditions worldwide have from time to time, contributed, and may continue to contribute, to slowdowns in the information technology industry at large. Weakness in the economy could have a negative effect on ParagonCoin, Inc.'s business, operations and financial condition, including decreases in revenue and operating cash flows, and inability to attract future equity and/or debt financing on commercially reasonable terms. Additionally, in a down-cycle economic environment, ParagonCoin, Inc. may experience the negative effects of a slowdown in trading and usage of the PARAGONCOIN platform and may delay or cancel the structuring, licensing, and launch of the anticipated PARAGONCOIN future business lines. Suppliers on which ParagonCoin, Inc. relies for servers, bandwidth, location and other services could also be negatively impacted by economic conditions that, in turn, could have a negative impact on ParagonCoin, Inc.'s operations or expenses. There can be no assurance, therefore, that current economic conditions or worsening economic conditions or a prolonged or recurring recession will not have a significant, adverse impact on ParagonCoin, Inc.'s business, financial condition and results of operations, and hence, the PARAGONCOIN platform and/or ability to structure, license, and launch the PARAGONCOIN future business lines. Any such circumstances would then correspondingly negatively impact the utility, liquidity, and/or trading price of the PRG Tokens.

***The Company, ParagonCoin, Inc., or the PRG Tokens may be affected by newly implemented regulations***

Cryptocurrency trading is generally unregulated worldwide, but numerous regulatory authorities across jurisdictions have been outspoken about considering the implementation of regulatory regimes which govern cryptocurrency or cryptocurrency markets. Furthermore, while the US experiences a liberalization of cannabis regulations at the state level, cannabis remains illegal at the federal level. The Company or the PRG Tokens may be affected by newly implemented regulations relating to cryptocurrencies or cryptocurrency markets, and/or legal cannabis industry, including having to take measures to comply with such regulations, or having to deal with queries, notices, requests or enforcement actions by regulatory authorities, which may come at a substantial cost and may also require substantial modifications to the PARAGONCOIN platform and/or the anticipated PARAGONCOIN future business lines. This may impact the appeal of the PARAGONCOIN platform and the anticipated PARAGONCOIN future business lines for users and result in decreased usage of the PARAGONCOIN platform and the PRG Tokens. Further, should the costs (financial or otherwise) of complying with such newly implemented regulations exceed a certain threshold, maintaining the PARAGONCOIN platform and structuring, licensing, and launching the PARAGONCOIN future business lines may no longer be commercially viable, and the Company or ParagonCoin, Inc. may opt to discontinue the PARAGONCOIN platform, the anticipated PARAGONCOIN future business lines, and/or the PRG Tokens. Further, it is difficult to predict how or whether governments or regulatory authorities may implement any changes to laws and regulations affecting distributed ledger technology and its applications, including the PARAGONCOIN platform, the anticipated PARAGONCOIN future business lines and the PRG Tokens.

The Company or ParagonCoin, Inc. may also have to cease operations in a jurisdiction that makes it illegal to operate in such jurisdiction, or make it commercially unviable or undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction. In scenarios such as the foregoing, the utility, liquidity, and/or trading price of PRG Tokens will be adversely affected or PRG Tokens may cease to be traded.

***There may be unanticipated risks arising from the PRG Tokens***

Cryptographic tokens such as the PRG Tokens are a relatively new and dynamic technology. In addition to the risks included in the above discussion of risk factors, there are other risks associated with your purchase, holding, and use of the PRG Tokens, including those that the Company and ParagonCoin, Inc. cannot anticipate. Such risks may further appear as unanticipated variations or combinations of the risks discussed above.

**4. RISKS RELATING TO THE US FEDERAL LAWS AFFECTING THE LEGAL CANNABIS INDUSTRY**

CERTAIN ACTIVITIES INVOLVING MARIJUANA REMAIN ILLEGAL UNDER US FEDERAL LAWS. SUCH ACTIVITIES INCLUDE BUT ARE NOT LIMITED TO:

- (A) DISTRIBUTION OF MARIJUANA TO MINORS,
- (B) TRANSPORTING MARIJUANA FROM STATES WHERE IT IS LEGAL TO OTHER STATES,
- (C) DRUGGED DRIVING AND OTHER ADVERSE PUBLIC HEALTH CONSEQUENCES,
- (D) GROWING MARIJUANA ON PUBLIC LANDS,
- (E) MARIJUANA POSSESSION OR USE ON FEDERAL PROPERTY, AND
- (F) OTHER CRIMINAL ACTIVITY OR VIOLENCE ASSOCIATED WITH THE SALE OF MARIJUANA.

TO THE EXTENT THE COMPANY AND/OR PARAGON COIN, INC. MAY NOT PREVENT CERTAIN OF ITS USERS FROM USING PRG TOKENS IN VIOLATION OF US FEDERAL LAW, IT MAY SUBJECT THE COMPANY AND/OR PARAGON COIN, INC. TO CIVIL AND/OR CRIMINAL LIABILITY AND THE UTILITY, LIQUIDITY, AND/OR TRADING PRICE OF PRG TOKENS WILL BE ADVERSELY AFFECTED OR PRG TOKENS MAY CEASE TO BE TRADED.